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Message Text

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C O N F I D E N T I A L STATE 223825

THE FOLLOWING TEL FROM LONDON DATED NOV 9, 1973 TO SECSTATE WASHDC INFO BONN BRUSSELS PARIS ROME AND EC BRUSSELS IS REPTED:

QTE CONFRENTIAL LONDON 13135

STATE PASS STR AND AGRICULTURE FOR HUME.

E.O. 11652: GDS
TAGS: EAGR, UK, EC
SUBJECT: SECRETARY BUTZ CONVERSATIONS WITH MAFF OFFICIALS, FLOUR MILLERS' GROUP AND PRESS CONFERENCE

SUMMARY. SEC. BUTZ HAD SUCCESSFUL AND FRANK DISCUSSIONS WITH MINISTER FOR AGRICULTURE GODBER, OTHER MAFF OFFICIALS, AND FLOUR MILLERS. HE ALSO HAD A VERY GOOD PRESS CONFERENCE. MAIN TOPICS OF DISCUSSION WERE POSSIBILITY OF U.S. EXPORT CONTROLS ON WHEAT, FUTURE CROP PROSPECTS IN U.S., AND 24/6 NEGOTIATIONS.

1. MINISTER OF AGRICULTURE GODBER SAID HE HAD BEEN TOLD BY THE TRADE AND MAFF OFFICIALS THAT UK MILLERS HAD PURCHASED 500,000 TONS OF U.S. HARD WHEATS FOR SHIPMENT BETWEEN CHRISTMAS AND APRIL BUT THAT THESE MILLERS WERE CONCERNED ABOUT EXPORT CONTROLS. THIS
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CONCERN WAS BECAUSE THE CANADIANS HAD STATED WE WERE

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GOING TO RUN OUT OF WHEAT BASED ON COMMITMENTS FOR EXPORT FIGURE. BUTZ EXPLAINED OUR REPORTING SYSTEM AND SAID THE FIGURES WERE INFLATED PROBABLY BY AT LEAST ONE FOURTH. BUTZ SAID THAT THE COMMITMENT FIGURES HAD COME DOWN IN THE LAST SEVERAL WEEKS BY MORE THAN THE ACTUAL SHIPMENTS. BUTZ ASSURED HIM THAT HE, PRESIDENT NIXON, SECRETARY SCHULTZ AND SECRETARY KISSINGER WERE ALL AGAINST EXPORT CONTROLS. SAID EXPERIENCE WITH SOYBEAN CONTROLS AND CONTROLS ON MEAT PRICES HAD SHOWN THAT CONTROLS DO NOT WORK. BUTZ EXPLAINED OUR CURRENT WHEAT POSITION AND HOW WE WERE GOING FOR ALL OUT PRO-DUCTION NEXT YEAR. GODBER SAID HE FELT MUCH MORE ASSURED AND WOULD PASS THE INFORMATION ON TO HIS PEOPLE. GODBER WAS UPSET WITH THE CANADIANS FOR QUOTE TRYING TO HOLD US UP ON PRICE UNQUOTE.

2. 24/6 NEGOTIATIONS. GODBER ASKED WHAT WE REALLY WANTED FROM THESE NEGOTIATIONS. BUTZ SAID THE THREE MAIN ITEMS WERE CITRUS, TOBACCO AND GRAINS. SAID CITRUS AND TOBACCO WERE POLITICALLY VERY SENSITIVE. GODBER SAID THAT THE UK HAD NO PROBLEMS WITH THESE TWO ITEMS. HE SAID UK WAS ALSO AGAINST HIGH GRAIN PRICES BUT THAT GRAINS WERE MUCH MORE DIFFICULT BECAUSE OF THE GERMAN AND FRENCH POLITICAL SITUATION. SAID HE WOULD DO WHAT HE COULD ESPECIALLY ON CITRUS AND TOBACCO. BUTZ ASKED GODBER WHAT EC WANTED. GODBER SAID U.S. DAIRY IMPORT QUOTAS WERE STRONG IRRITANT TO EC. BUTZ SAID WE WERE WILLING TO NEGOTIATE ON THEM ESPECIALLY CHEESE AND SKIM MILK POWDER BUT THAT WE WOULD QUOTE NOT GIVE THEM AWAY FOR NOTHING END QUOTE. SAID BUTTER WAS MORE DIFFICULT. BUTZ REVIEWED INCREASE IN NFDM, BUTTER AND CHEESE QUOTAS SIX TIMES DURING THE LAST YEAR. INDICATED THAT THEY HAD WORKED MORE TO ADVANTAGE OF COMMUNITY ON A FIRST-COME FIRST-SERVED BASIS, PLUS LIBERAL ALLOWANCE TO EC ON INCREASED BUTTER QUOTAS. BUTZ SAID HE HAD RECOMMENDED COUNTERVAILING DUTIES IF SUBSIDIZED DAIRY PRODUCTS WERE SHIPPED TO U.S. IF IMPORT RESTRICTIONS WERE LIBERALIZED. GODBER SAID EC DID NOT SUBSIDIZE EXPORTS TO DEVELOPED COUNTRIES. BUTZ SAID SALE TO RUSSIA HAD RECEIVED A LOT OF PRESS CONFIDENTIAL

COVERAGE IN THE U.S. AND SAID WOULD NOT ALLOW A BUTTER-CHEESE MOUNTAIN TO BUILD UP IN CCC STOCKS TO SOLVE THE EC DAIRY PROBLEM. GODBER SAID THIS SEEMED REASONABLE.

3. GODBER SAID SOYBEAN EXPORT CONTROLS HAD ENCOURAGED THE EUROPEANS ESPECIALLY THE FRENCH TO ASK AGAIN FOR PRODUCTION SUBSIDIES ON GROWING SOYBEANS. HE SAID IT WAS DIFFICULT FOR OTHER EIGHT MEMBERS TO COUNTERACT

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CLAIMS THAT EUROPE SHOULD NOT BE SO DEPENDENT ON U.S. FOR SOYBEANS. GODBER ADMITTED THAT ONLY A RELATIVELY SMALL QUANTITY COULD BE PRODUCED. BUTZ ASKED GODBER IF HE THOUGHT THAT GROWING SOYBEANS WAS THE MOST EFFICIENT UTILIZATION OF LAND RESOURCES IN THE EC. GODBER ADMITTED THAT IT WAS NOT. BUTZ SAID THAT IF LAND WERE USED FOR SOYBEANS IT WOULD HAVE TO COME OUT OF CORN OR WHEAT AND THAT THESE CROPS COULD BE PRODUCED MORE EFFICIENTLY THAN SOYBEANS. GODBER ADMITTED THIS WAS THE CASE. BUTZ REVIEWED THE CURRENT U.S. SITUATION AND SAID OUR ENDING STOCKS SHOULD BE MUCH IMPROVED AT THE END OF THIS SEASON. SAID HARVESTING CONDITIONS THIS FALL HAD BEEN NEARLY IDEAL AND THAT OUR HARVEST WAS MUCH AHEAD OF LAST YEAR. SAID CORN WAS COMING IN AT MUCH LOWER MOISTURE. ALSO SAID WINTER WHEAT HAD BEEN PLANTED UNDER VERY GOOD CONDITIONS.

4. SIMILAR DISCUSSIONS WERE HELD AT LUNCH WITH OTHER MAFF OFFICIALS, FLOUR MILLERS GROUP AND PRESS CONFERENCE.

ANNENBERG

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